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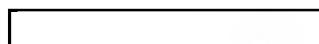
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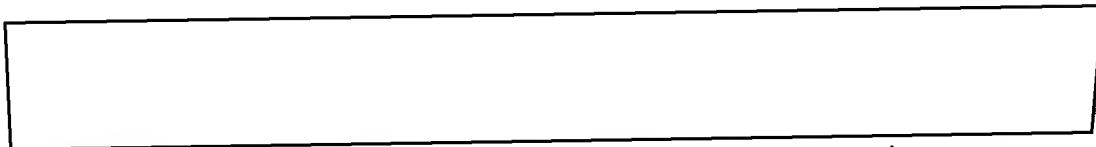
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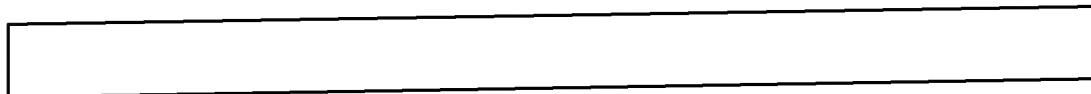
OIL: OAPEC agrees to lift embargo against US; OPEC will maintain current oil prices for next quarter, but downward pressure on prices will continue. (Page 1)



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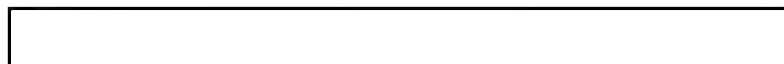


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INTERNATIONAL MONETARY DEVELOPMENTS: The dollar weakens a bit more. (Page 7)

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\*OIL: Saudi Oil Minister Yamani said late Sunday that OPEC had reached full agreement on bringing its oil embargo against the US to an end today. He also stated production would be partially restored, but gave no details.

The agreement was evidently reached during informal talks among the ministers initiated by Yamani. The ministers are scheduled to meet again today to confirm the decision. They had been unable to agree to lift the embargo in their formal meeting earlier Sunday, probably because of Libyan and Syrian opposition. Syria has apparently decided to go along with the majority decision, but Libya is expected to continue to oppose ending the embargo.

The Arab agreement followed an early Sunday decision by OPEC to maintain current posted prices during the next quarter. This agreement and those of OPEC were not easily reached, primarily because the oil-producing countries are aware that any substantial increase in petroleum production must ultimately lead to a lowering of prices. Although Arab petroleum production is only 85 percent of the September 1973 level, prices in the world crude oil market have been softening for several weeks as adjustments to higher prices curbed demand.

OPEC's decision to maintain current posted prices for the next quarter was a compromise between Saudi Arabia and the hard-line countries. Saudi Arabia had hoped to lower prices, while Algeria, Libya, and Iran pressed for higher prices. Yamani's statement that production would be only partially restored apparently reflects a concession to the Algerians, who opposed lifting the embargo unless production were maintained at the present level.

\*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State.

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PORTUGAL: The regime is still in control, but restiveness is continuing within the military.

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For the moment, the right wing of the Portuguese establishment, which includes President Thomaz, many and perhaps most general officers, and most of the aristocracy, is in the ascendancy. The regime reportedly will prohibit a second printing of Spinola's book that advocated a relaxation of controls on the Portuguese territories in Africa.

The regime may still be in for trouble, however. The young officers' movement [redacted]

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[redacted] has been critical of the establishment's hard line on Portugal's African territories. Premier Caetano may share the views of the younger officers, although his room for maneuver has probably been reduced by the Spinola crisis. The sector of Portugal's business community which is interested in closer ties with Europe may also grow more critical of the regime, particularly now that the EC is considering moves to persuade Portugal to adopt a softer African policy. [redacted]

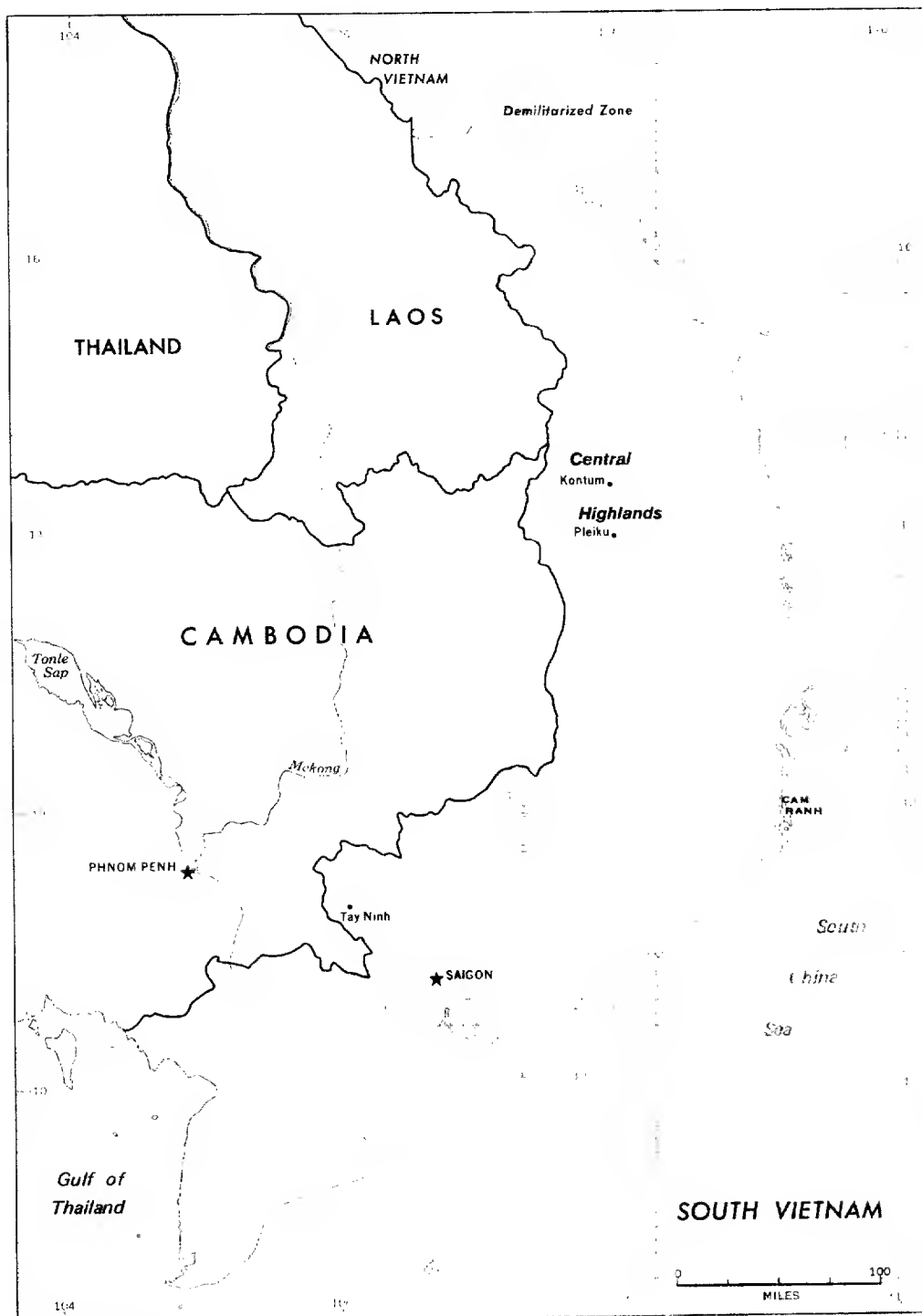
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\*SOUTH VIETNAM: Communist forces launched sharp attacks this weekend against several government outposts near Kontum City in South Vietnam's central highlands.

Two government ranger positions six and eleven miles northeast of Kontum were hit by heavy artillery barrages on March 16 and the shellings continued yesterday. Some Communist elements reportedly have moved to within a few miles of the city. Initial accounts indicate that the fighting around Kontum is some of the heaviest since the cease-fire went into effect.

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The Communists may be preparing for other attacks elsewhere in the highlands and in northwest Military Region 3.

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The Vietnamese Communists could be planning intensified military activity to mark "All People's Anti-American Day" on March 19.

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INTERNATIONAL MONETARY DEVELOPMENTS: The dollar, despite a brief rally Thursday, continued its weakening trend this month against all major currencies except the French franc. The yen, lira, and pound appreciated over 2 percent while the Swiss franc, guilder, and mark gained somewhat less.

Major factors in the dollar's weakening trend were the anticipation of lower oil prices and expectations that Europe and Japan will be able to finance much of their oil-induced deficits through borrowing rather than drawing on their reserves. Continued Italian intervention and imposition of currency import and export restrictions also played a major role in the lira's strength. In the face of the dollar's slight decline, gold has remained around \$165 an ounce this month after reaching a record high of \$178 in late February. Occasional profit taking together with moderate speculative demand has stabilized gold markets. [REDACTED]

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USSR-IRAQ: Baghdad reportedly has agreed to sell oil to the Soviets for \$12-13 per barrel, instead of the \$17 per barrel it demanded in January. It is doubtful, however, that the USSR has agreed to long-term deliveries at this price--in view of declining world oil prices. The Soviets were planning to purchase as much as 400,000 barrels per day this year, three times the 1973 level.

Soviet plans to obtain oil through long-term contracts with Baghdad may be jeopardized because the Iraqis reportedly are demanding cash instead of barter terms. Nevertheless, the USSR is remaining active in Iraqi oil development. Last month Moscow negotiated a contract with Baghdad for development of the third stage at the North Rumaylah oil field, which will raise the field's capacity from 360,000 barrels per day to 800,000 barrels per day by the late 1970s. [REDACTED]

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[REDACTED]

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## FOR THE RECORD

Greece: Greek strongman Ioannidis continues to rein in his critics. George Mavros, an ex-Center Union Party notable, was arrested this weekend, apparently for applauding a British decision to cancel a naval visit to Athens. A number of accused Communists were also detained over the past week. Although aware of the low regard for his regime both at home and abroad, Ioannidis clearly intends to do whatever he feels is necessary to retain power. [REDACTED]

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\*Cambodia: Prince Sihanouk arrived in Hanoi this weekend following a brief visit to the Lao Communist headquarters at Sam Neua. The former Cambodian leader and his entourage were feted yesterday at a banquet given by North Vietnamese Premier Pham Van Dong. This is Sihanouk's second trip to Hanoi this year. [REDACTED]

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